UNITED NATIONS

Framework Convention on Climate Change

Distr.
GENERAL

FCCC/SBI/1999/INF.11
12 October 1999

ENGLISH ONLY

SUBSIDIARY BODY FOR IMPLEMENTATION
Eleventh session
Bonn, 25 October - 5 November 1999
Item 12 (b) of the provisional agenda

ADMINISTRATIVE AND FINANCIAL MATTERS

INCOME AND BUDGET PERFORMANCE IN THE BIENNIUM 1998-1999

Unaudited financial statements for the biennium 1998-1999 as at 31 December 1998

Note by the Executive Secretary

1. The financial procedures of the Convention stipulate that "an interim statement of accounts for the first year of the financial period shall be provided to the Conference of the Parties during the second year of the period" (FCCC/CP/1995/7/Add.1, decision 15/CP.1, annex I, para. 19).

2. The unaudited financial statements for the biennium 1998-1999, as at 31 December 1998, are attached as an annex to this cover note. They are reproduced as received without formal editing. This document should be read in conjunction with document FCCC/SBI/1999/10, which provides further information on income and expenditure.

3. The Conference of the Parties may wish to take note of the information contained in the interim financial statements, and provide guidance to the Executive Secretary as necessary.

Annex

UNITED NATIONS FRAMEWORK CONVENTION ON CLIMATE CHANGE (UNFCCC)

UNAUDITED FINANCIAL STATEMENTS
FOR THE BIENNIUM 1998-1999
AS AT 31 DECEMBER 1998

CONTENTS

			PAGE
I.	NARRATIVE FINANCIAL REPORT FOR THE BIENNIUM 1998-1999 AS AT 31 DECEMBER 1998		4
II.	ACCOUNTS FOR THE BIENNIUM 1998-1999 AS AT 31 DECEMBER 1998		7
	Statement I.	Statement of income and expenditures and changes in reserves and fund balances for the biennium 1998-1999 as at 31 December 1998	8
	Statement II.	Statement of assets, liabilities, reserves and fund balances as at 31 December 1998	9
		Schedule 1.1 Combined status of pledges unpaid for the biennium 1998-1999 as at 31 December 1998	11
		Schedule 1.2 Combined status of indicative contributions unpaid for the core budget for the biennium 1998-1999 as at 31 December 1998	13
	Statement III.	Statement of cash flows for the biennium 1998-1999 as at 31 December 1998	21
	Statement IV.	The core budget: Status of expenditures against budget for the biennium 1998-1999 as at 31 December 1998	22
III.	NOTES TO THE FINANCIAL STATEMENTS		23
	Note 1.	The United Nations Framework Convention on Climate Change and its activities	
	Note 2.	Summary of significant accounting policies of UNFCCC	

I. NARRATIVE FINANCIAL REPORT FOR THE BIENNIUM 1998-1999 AS AT 31 DECEMBER 1998

Introduction

1. The Executive Secretary has the honour to submit herewith the financial report, together with the accounts for the first year of the biennium 1998-1999 as at 31 December 1998, of the United Nations Framework Convention on Climate Change (UNFCCC). The report is presented in accordance with paragraph 16 of the Financial and common services arrangements for administrative support to the UNFCCC Secretariat.

STATEMENT I

Statement of income and expenditure and changes in reserves and fund balances

I. Trust Fund for the Core Budget of UNFCCC

2. The amount of $8,757,717 shown in Statement I represents indicative contributions from Governments. Of this amount, $2,577,232 had not yet been paid by the end of 1998 and the amount of $837,989 represents voluntary contributions paid by the host country to the Core Administrative Budget for the year 1998 (Schedules 1.1 and 1.2). In addition, $256,187 was received as interest income, and $342 as other income, bringing the total income to $9,852,235. Expenditures for the year 1998, including loss-on-exchange of $10,782, amounted to $8,587,664, which resulted in an excess of income over expenditure of $1,264,571. The prior period adjustments of $24,899 increased the excess to $1,289,470. The reserve and fund balance of the Core Administrative Budget amounted to $5,515,281 at the end of December 1998.

II. Trust Fund for Participation in the UNFCCC Process

3. A total amount of $1,014.685 was received during 1998 as voluntary contributions from various governments (Schedule 1.1). In addition $57,577 was received as interest income. Thus, the total income of the fund was $1,072,262.

4. The total expenditure, which included $2,519 as loss-on-exchange, was $1,607,135, resulting in a shortfall of income over expenditure of $534,873. The prior period adjustment of $105,817 reduced the shortfall to $429,056.

5. The reserves and fund balance of the fund amounted to $1,196,777 at the end of December 1998.

III. Trust Fund for the Special Annual Contribution from the Government of Germany (Bonn Fund)

6. $1,949,997 was received from the Government of Germany. Total income in this fund was $1,977,123 after inclusion of $17,284 as interest income and $9,842 as miscellaneous income.

7. The expenditure amounted to $1,924,400, which resulted in an excess of income over expenditure of $52,723.

8. Together with the transfer of $934,384 from the Trust Fund for Supplementary Activities and the refund of $313,427 to the Government of Germany, the fund balance of the fund amounted to $673,680 at the end of December 1998.

IV. Trust Fund for Supplementary Activities

9. The voluntary contributions to the fund amounted to $1,670,918 for the year 1998 (Schedule 1.1). Total income in this fund was $1,768,621 after inclusion of interest income of $97,703.

10. Total expenditure, including loss on exchange of $26,422 was $1,255,130 which resulted in an excess of income over expenditure of $513,491. The prior period adjustments increased the excess to $526,270.

11. The reserve and fund balance reached $1,784,971 after the transfer of $934,384 to the Trust Fund for the Special Annual Contribution from the Government of Germany (Bonn Fund) at the end of 1997.

STATEMENT II

Statement of assets, liabilities, reserves and fund balances

I. Trust Fund for the Core Budget of UNFCCC

12. The assets of the Trust Fund amounted to $7,450,815 and included cash of $2,760,044, indicative contributions receivable of $3,227,691, interfund balances receivable of $578,491 and other accounts receivable of $884,589.

13. The liabilities consisted of other accounts payable of $332,408, unliquidated obligations of $927,042 and contributions received in advance of $676,084.

14. The Working Capital Reserve was $629,983 by the end of 1998 and the cumulative surplus of the fund was $4,885,298.

II. Trust Fund for Participation in the UNFCCC Process

15. Total assets of $2,614,143 included cash of $2,005,757, other accounts receivable of $8,386 and the remittance of $600,000 to the conference in Buenos Aires in October 1998.

16. The liabilities consisted of inter-fund balances payable of $442,445, other accounts payable of $5,613 and unliquidated obligations of $969,308.

17. The Cash Operating Reserve of the fund amounted to $142,001 and the cumulative surplus to $1,054,776 at the end of December 1998.

III. Trust fund for the Special Annual Contribution from the Government of Germany (Bonn Fund)

18. The total assets of the fund consisted of cash of $1,403,625 and other accounts receivable of $6,576.

19. The liabilities includes inter-fund balances payable of $67,032, other accounts payable of $50,824 and unliquidated obligations of $618,665.

20. The Cash Operating Reserve of the fund amounted to $255,451 and the cumulative surplus to $418,229 at the end of December 1998.

IV. Trust Fund for Supplementary Activities

21. The assets of the fund amounted to $2,112,928 and included cash of $2,010,138, inter-fund balances payable of $49,772, other accounts receivable of $3,018 and the remittance of $50,000 to the meeting in the field.

22. The liabilities consisted of other accounts payable of $186,040 and unliquidated obligations of $141,917.

23. The Cash Operating Reserve reached $163,103 and the cumulative surplus was $1,621,868.

II. ACCOUNTS FOR THE BIENNIUM 1998-1999 AS AT 31 DECEMBER 1998

Statement I

UNITED NATIONS FRAMEWORK CONVENTION ON CLIMATE CHANGE

Statement of income and expenditures and changes in reserves and fund balances
for the biennium 1998-1999 as at 31 December 1998
(Expressed in US Dollars)

	TF FOR THE CORE BUDGET OF THE UNFCCC		TF FOR PARTICIPATION IN THE UNFCCC PROCESS		TF FOR THE SPECIAL ANNUAL CONTRIBUTION FROM THE GOVERNMENT OF GERMANY		TF FOR SUPPLEMENTARY ACTIVITIES		TOTAL	
	FC		FI		FQ		FR		TOTAL	
INCOME:										
Indicative Contributions	8,757,717		-		-		-		8,757,717	1
Pledges Contributions	837,989		1,014,685		1,949,997		1,670,918		5,473,589	1
Received under Inter-Organization arrangements	-		-		-		-		-	
Interest income	256,187		57,577		17,284		97,703		428,751	
Miscellaneous income	342		-		9,842		-		10,184	
TOTAL INCOME	9,852,235		1,072,262		1,977,123		1,768,621		14,670,241	
EXPENDITURE:										
Staff and other personnel costs	5,663,237		-		509,392		677,239		6,849,868	
Travel	595,697		1,420,014		426,951		181,169		2,623,831	
Contractual services	67,792		-		-		20,676		88,468	
Operating expenses	321,302	2	2,519	3	756,666		70,778	4	1,151,265	
Acquisitions	132,916		-		-		2,962		135,878	
Fellowships, grants and other	819,999		-		10,000		160,950		990,949	
Total direct expenditure	7,600,943		1,422,533		1,703,009		1,113,774		11,840,259	
Programme support costs	986,721		184,602		221,391		141,356		1,534,070	
TOTAL EXPENDITURE	8,587,664		1,607,135		1,924,400		1,255,130		13,374,329	
Excess (shortfall) of income over expenditures	1,264,571		(534,873)		52,723		513,491		1,295,912	
Prior period adjustments	24,899	5	105,817	6	-		12,779	7	143,495	
NET EXCESS (SHORTFALL) OF INCOME OVER EXPENDITURES	1,289,470		(429,056)		52,723		526,270		1,439,407	
Transfers (to) from other funds	-		-		934,384	8	(934,384)	8	-	
Refund to donors	-		-		(313,427)	9			(313,427)	
Savings on prior period's obligations	169,126		588,716		-		98,301		856,143	
RESERVES AND FUND BALANCES: BEGINNING OF PERIOD	4,056,685		1,037,117		-		2,094,784		7,188,586	
RESERVES AND FUND BALANCES: END OF PERIOD	**5,515,281**		**1,196,777**		**673,680**		**1,784,971**		**9,170,709**	

The accompanying notes are an integral part of the financial statements.

Statement II

UNITED NATIONS FRAMEWORK CONVENTION ON CLIMATE CHANGE
Statement of assets, liabilities, and reserves and fund balances
for the biennium 1998-1999 as at 31December 1998
(Expressed in US Dollars)

	TF FOR THE CORE BUDGET OF THE UNFCCC FC	TF FOR PARTICIPATION IN THE UNFCCC PROCESS FI	TF FOR THE SPECIAL ANNUAL CONTRIBUTION FROM THE GOVERNMENT OF GERMANY FQ	TF FOR SUPPLEMENTARY ACTIVITIES FR	TOTAL
ASSETS					
Cash and term deposits	2,760,044	2,005,757	1,403,625	2,010,138	8,179,564
Investments	-	-	-	-	-
Indicative contributions receivable	3,227,691	-	-	-	3,227,691
Inter-fund balances receivable	578,491	-	-	49,772	628,263
Other accounts receivable	884,589	8,386	6,576	3,018	902,569
Operating funds provided to executing agencies	-	600,000	-	50,000	650,000
TOTAL ASSETS	**7,450,815**	**2,614,143**	**1,410,201**	**2,112,928**	**13,588,087**
LIABILITIES					
Inter-fund balances payable	-	442,445	67,032	-	509,477
Other accounts payable	332,408	5,613	50,824	186,040	574,885
Unliquidated obligations	927,042	969,308	618,665	141,917	2,656,932
Contributions/Payments received in advance	676,084	-	-	-	-
TOTAL LIABILITIES	1,935,534	1,417,366	736,521	327,957	3,741,294
RESERVES AND FUND BALANCES					
Operating reserve	-	142,001	255,451	163,103	560,555
Working Capital Reserve	629,983	-	-	-	629,983
Cumulative surplus (deficit)	4,885,298	1,054,776	418,229	1,621,868	7,980,171
TOTAL RESERVES AND FUND BALANCES	5,515,281	1,196,777	673,680	1,784,971	9,170,709
TOTAL LIABILITIES, RESERVES AND FUND BALANCES	**7,450,815**	**2,614,143**	**1,410,201**	**2,112,928**	**12,912,003**

The accompanying notes are an integral part of the financial statements.

Notes

1 The contributions received are all in convertible currencies.

2 Including loss on exchange of US$10,782.

3 Including loss on exchange of US$2,519.

4 Including loss on exchange of US$26,422.

5 Representing: a/ US$2,913 received from UNNY for PSC adjustment on prior years unliquidated obligations; b/ US$21,986 for PSC adjustment on 1997 savings.

6 Representing: a/ US$38,837 received from UNNY for PSC adjustment on prior years unliquidated obligations; b/ US$76,533 for PSC adjustment on 1997 savings.
Less: c/ Prior years expenditures adjustments as follows: US$1,234 (325-00858),US$1,410 (425-00083),US$3,134 (506-99813),US$ 1,764 (506-85498), US$2,011 (506-90598).

7 Representing PSC adjustment on 1997 savings.

8 Representing transfer of funds from FR fund to FQ fund as per Mr. Beyene's memorandum dated 11 May 1998.

9 Representing refund of unspent balance of DM557,900 to the German Government in relation with their 1996 special contribution of DM2,000,000.

UNITED NATIONS FRAMEWORK CONVENTION ON CLIMATE CHANGE
Combined status of pledges for the biennium 1998-1999 as at 31 December 1998
(Expressed in US dollars)

Countries/Trust Funds	Pledges receivable as at 01.01.1998	ADD: Pledges for 1998 and adj. of prior pledges	ADD: Pledges for 1999	LESS: Collections in1998	LESS: Loss (gain) on exchange	Pledges receivable as at 31.12.1998
I. Trust Fund for the Core Budget of UNFCCC (FC)						
Germany	-	837,989	-	837,989	-	-
Total	-	837,989	-	837,989	-	-
II. Trust Fund for Participation in the UNFCCC Process (FI)						
Denmark	-	40,000	-	40,000	-	-
European Community	-	82,734	-	82,734	-	-
Germany	-	120,787	-	120,787	-	-
Greece	-	10,000	-	10,000	-	-
New Zealand	-	8,604	-	8,604	-	-
Norway	-	26,930	-	26,930	-	-
Sweden	-	60,000	-	60,000	-	-
United Kingdom	-	165,630	-	165,630	-	-
United States	-	500,000	-	500,000	-	-
Total	-	1,014,685	-	1,014,685	-	-
III. Trust Fund for the Special Annual Contribution from the Government of Germany (Bonn Fund)						
Germany	-	1,949,997	-	1,949,997	-	-
Total	-	1,949,997	-	1,949,997	-	-

Schedule1.1
Page 2 of 2

UNITED NATIONS FRAMEWORK CONVENTION ON CLIMATE CHANGE
Combined status of pledges for the biennium 1998-1999 as at 31 December 1998
(Expressed in US dollars)

Countries/Trust Funds	Pledges receivable as at 01.01.1998	ADD: Pledges for 1998 and adj. of prior pledges		ADD: Pledges for 1999	LESS: Collections in1998	LESS: Loss (gain) on exchange	Pledges receivable as at 31.12.1998
IV. Trust Fund for Supplementary Activities (FR)							
France	-	11,365		-	11,365	-	-
Japan	-	75,000		-	75,000	-	-
Netherlands	-	15,000		-	15,000	-	-
Norway	-	50,000		-	50,000	-	-
Sweden	-	24,545		-	24,545	-	-
Switzerland	-	108,819		-	108,819	-	-
United Kingdom	-	16,262		-	16,262	-	-
United States	-	1,369,927	1	-	1,369,927	-	-
Total	-	1,670,918		-	1,670,918	-	-
GRAND TOTAL	-	**5,473,589**		-	**5,473,589**	-	-

1 Including 1995 USA contribution for US$ 186,500 (US$125,000 and US$ 61,500) received from UNNY in 1998.

The accompanying notes are an integral part of the financial statements.

Schedule 1.2
Page 1 of 8

UNITED NATIONS FRAMEWORK CONVENTION ON CLIMATE CHANGE
Combined status of indicative contributions unpaid for the Core Budget
for the biennium 1998-1999 as at 31 December 1998
(Expressed in US Dollars)

Member States	Indicative contributions receivable as at 01.01.1998	Add: Indicative contributions for 1998 and adjustment of prior periods	Add: Indicative contributions received in advance	Less: Collections in 1998	Indicative contributions receivable as at 31.12.1998
Trust Fund for the Core Budget of UNFCCC (FC)					
Albania	639	253	-	-	892
Algeria	21,846	9,787	-	12,011	19,622
Antigua and Barbuda	-	169	980	1,149	-
Argentina	29,780	64,795	-	29,780	64,795
Armenia	-	2,278	-	-	2,278
Australia	-	124,106	153,929	278,035	-
Austria	-	78,885	-	74,253	4,632
Azerbaijan	16,384	5,062	-	-	21,446
Bahamas	2,731	1,266	-	1,484	2,513
Bahrain	-	1,519	701	2,220	-
Bangladesh	1,365	844	-	-	2,209
Barbados	1,365	675	-	761	1,279
Belgium	67,190	92,468	-	67,190	92,468
Belize	-	88	-	-	88
Benin	750	169	988	1,907	-
Bhutan	-	88	1,061	1,149	-
Bolivia	1,365	675	-	1,513	527
Botswana	-	844	305	1,149	-
Brazil	-	127,734	-	-	127,734
Bulgaria	6,006	3,797	-	9,801	2
Burkina Faso	-	169	-	-	169

Schedule 1.2
Page 2 of 8

UNITED NATIONS FRAMEWORK CONVENTION ON CLIMATE CHANGE
Combined status of indicative contributions unpaid for the Core Budget
for the biennium 1998-1999 as at 31 December 1998
(Expressed in US Dollars)

Member States	Indicative contributions receivable as at 01.01.1998	Add: Indicative contributions for 1998 and adjustment of prior periods		Add: Indicative contributions received in advance	Less: Collections in 1998	Indicative contributions receivable as at 31.12.1998
Burundi	563	88		-	-	651
Cambodia	1,211	88		-	-	1,299
Cameroon	1,365	1,181		-	-	2,546
Canada	-	238,341		27,090	265,431	-
Cape Verde	1,365	88		-	-	1,453
Central African Republic	1,365	169		-	-	1,534
Chad	1,365	88		-	-	1,453
Chile	-	9,534		-	6,828	2,706
China	-	76,016		-	75,985	31
Colombia	(1,274)	9,112		-	-	7,838
Comoros	1,365	88		-	-	1,453
Congo	(652)	1,633	1	-	-	981
Congo, Democratic Rep. of	-	675		-	-	675
Cook Islands	1,365	88		-	-	1,453
Costa Rica	1,365	1,434		-	-	2,799
Côte d'Ivoire	1,365	1,012		-	-	2,377
Croatia	6,756	4,725		-	6,756	4,725
Cuba	-	3,290		-	3,191	99
Cyprus	-	2,869		3,567	6,436	-
Czech Republic	-	14,258		14,598	28,856	-
Denmark	-	57,961		3,309	61,270	-
Djibouti	-	88		-	-	88
Dominica	1,365	88		-	-	1,453
Ecuador	2,730	1,856		-	-	4,586
Egypt	-	5,821		-	-	5,821

UNITED NATIONS FRAMEWORK CONVENTION ON CLIMATE CHANGE
Combined status of indicative contributions unpaid for the Core Budget
for the biennium 1998-1999 as at 31 December 1998
(Expressed in US Dollars)

Member States	Indicative contributions receivable as at 01.01.1998	Add: Indicative contributions for 1998 and adjustment of prior periods	Add: Indicative contributions received in advance	Less: Collections in 1998	Indicative contributions receivable as at 31.12.1998
El Salvador	1,211	1,012	-	-	2,223
Eritrea	(1,149)	88	1,061	-	-
Estonia	-	1,940	1,687	3,627	-
Ethiopia	1,365	591	-	-	1,956
European Community	-	218,943	68,267	287,210	-
Fiji	-	337	-	-	337
Finland	-	45,390	23,142	68,532	-
France	-	547,889	43	547,932	-
Gambia	1,365	88	-	-	1,453
Georgia	7,664	4,893	-	-	12,557
Germany	-	812,468	-	773,671	38,797
Ghana	365	844	-	-	1,209
Greece	-	31,048	-	20,000	11,048
Grenada	1,365	88	-	-	1,453
Guatemala	-	1,603	-	-	1,603
Guinea	1,365	253	-	-	1,618
Guinea-Bissau	1,313	88	-	-	1,401
Guyana	1,365	88	-	-	1,453
Haiti	-	169	-	-	169
Honduras	1,313	337	-	-	1,650
Hungary	-	10,040	5,497	15,537	-
Iceland	-	2,700	628	3,328	-
India	23,271	25,732	744	49,747	-
Indonesia	-	14,596	941	15,537	-

Schedule 1.2
Page 4 of 8

UNITED NATIONS FRAMEWORK CONVENTION ON CLIMATE CHANGE
Combined status of indicative contributions unpaid for the Core Budget
for the biennium 1998-1999 as at 31 December 1998
(Expressed in US Dollars)

Member States	Indicative contributions receivable as at 01.01.1998	Add: Indicative contributions for 1998 and adjustment of prior periods	Add: Indicative contributions received in advance	Less: Collections in 1998	Indicative contributions receivable as at 31.12.1998
Iran, Islamic Republic of	39,244	25,564	-	-	64,808
Ireland	-	18,814	2,279	21,093	-
Israel	-	27,757	-	-	27,757
Italy	380,855	455,083	-	814,741	21,197
Jamaica	-	506	-	-	506
Japan	-	1,517,029	-	-	1,517,029
Jordan	-	675	-	-	675
Kazakhstan	27,307	10,462	-	-	37,769
Kenya	-	591	-	-	591
Kiribati	-	88	-	-	88
Korea, Democratic People's Republic of	6,826	2,615	-	-	9,441
Korea, Republic of	-	80,572	752	81,324	-
Kuwait	-	12,993	3,223	16,216	-
Lao People's Democratic Republic	207	88	1,061	1,356	-
Latvia	(9,156)	3,881	5,275	-	-
Lebanon	1,365	1,350	1,596	4,311	-
Lesotho	(798)	169	629	-	-
Liechtenstein	-	422	-	-	422
Lithuania	-	3,797	5,082	8,879	-
Luxembourg	-	5,568	730	6,298	-
Malawi	1,365	169	-	600	934
Malaysia	-	14,174	1,364	15,538	-
Maldives	-	88	1,061	1,149	-
Mali	1,365	253	-	-	1,618

UNITED NATIONS FRAMEWORK CONVENTION ON CLIMATE CHANGE
Combined status of indicative contributions unpaid for the Core Budget
for the biennium 1998-1999 as at 31 December 1998
(Expressed in US Dollars)

Member States	Indicative contributions receivable as at 01.01.1998	Add: Indicative contributions for 1998 and adjustment of prior periods	Add: Indicative contributions received in advance	Less: Collections in 1998	Indicative contributions receivable as at 31.12.1998
Malta	423	1,181	-	1,553	51
Marshall Islands	-	88	-	-	88
Mauritania	1,365	88	-	-	1,453
Mauritius	-	759	390	1,149	-
Mexico	85,818	79,391	-	40,832	124,377
Micronesia	-	88	796	884	-
Moldova, Republic of	11,538	3,628	-	-	15,166
Monaco	639	253	896	1,788	-
Mongolia	-	169	984	1,153	-
Morocco	(1,222)	3,459	-	-	2,237
Mozambique	1,365	169	980	2,514	-
Myanmar	-	759	390	1,149	-
Namibia	-	591	1,158	1,749	-
Nauru	-	88	-	-	88
Nepal	1,365	337	-	-	1,702
Netherlands	-	136,593	-	135,490	1,103
New Zealand	(26,636)	18,645	22,917	14,926	-
Nicaragua	648	169	-	649	168
Niger	1,365	169	-	-	1,534
Nigeria	-	5,906	-	-	5,906
Niue	-	88	391	479	-
Norway	-	51,043	63,344	114,387	-
Oman	-	4,218	5,297	9,515	-
Pakistan	3,734	5,062	-	-	8,796

Schedule 1.2
Page 6 of 8

UNITED NATIONS FRAMEWORK CONVENTION ON CLIMATE CHANGE
Combined status of indicative contributions unpaid for the Core Budget
for the biennium 1998-1999 as at 31 December 1998
(Expressed in US Dollars)

Member States	Indicative contributions receivable as at 01.01.1998	Add: Indicative contributions for 1998 and adjustment of prior periods	Add: Indicative contributions received in advance	Less: Collections in 1998	Indicative contributions receivable as at 31.12.1998
Panama	-	1,350	-	-	1,350
Papua New Guinea	-	591	558	1,149	-
Paraguay	1,365	1,181	-	-	2,546
Peru	4,504	7,171	-	9,622	2,053
Philippines	8,192	6,496	-	8,192	6,496
Poland	-	21,176	15,448	36,624	-
Portugal	-	31,048	-	-	31,048
Qatar	-	2,784	-	-	2,784
Romania	20,480	8,606	-	16,670	12,416
Russian Federation	278,979	242,391	-	12,000	509,370
Saint Kitts and Nevis	-	88	1,061	1,149	-
Saint Lucia	639	88	1,061	1,788	-
Saint Vincent and the Grenadines	500	88	-	-	588
Samoa	-	88	108	196	-
San Marino	1,365	169	980	2,514	-
Saudi Arabia	98,785	50,115	-	-	148,900
Senegal	1,365	506	-	-	1,871
Seychelles	-	169	765	934	-
Sierra Leone	1,365	88	-	-	1,453
Singapore	3,503	14,090	1,448	19,041	-
Slovakia	-	4,472	4,684	9,156	-
Slovenia	5,274	5,062	2,688	13,024	-
Solomon Islands	1,365	88	-	-	1,453
South Africa	2,255	30,794	4,998	38,047	-

UNITED NATIONS FRAMEWORK CONVENTION ON CLIMATE CHANGE
Combined status of indicative contributions unpaid for the Core Budget
for the biennium 1998-1999 as at 31 December 1998
(Expressed in US Dollars)

Member States	Indicative contributions receivable as at 01.01.1998	Add: Indicative contributions for 1998 and adjustment of prior periods	Add: Indicative contributions received in advance	Less: Collections in 1998	Indicative contributions receivable as at 31.12.1998
Spain	-	216,911	-	203,128	13,783
Sri Lanka	-	1,097	-	-	1,097
Sudan	1,365	759	-	-	2,124
Suriname	-	337	-	-	337
Swaziland	743	169	980	1,892	-
Sweden	-	92,721	12,043	104,764	-
Switzerland	-	102,508	763	103,271	-
Syrian Arab Republic	-	5,231	-	-	5,231
Thailand	-	13,330	-	-	13,330
Togo	1,365	169	-	-	1,534
Trinidad and Tobago	-	1,519	-	-	1,519
Tunisia	(3,334)	2,362	972	-	-
Turkmenistan	-	1,266	-	-	1,266
Tuvalu	1,365	88	-	-	1,453
Uganda	1,365	337	1,863	3,565	-
Ukraine	35,658	57,202	-	-	92,860
United Arab Emirates	23,022	14,933	6,154	44,109	-
United Kingdom	-	428,254	161,620	589,874	-
United Republic of Tanzania	1,006	337	-	-	1,343
United States of America	-	2,189,425	20,450	2,209,875	-
Uruguay	3,462	4,134	-	3,003	6,593
Uzbekistan	-	6,496	7,917	14,413	-
Vanuatu	1,365	88	-	-	1,453
Venezuela	21,240	19,827	-	-	41,067

Schedule 1.2
Page 8 of 8

UNITED NATIONS FRAMEWORK CONVENTION ON CLIMATE CHANGE
Combined status of indicative contributions unpaid for the Core Budget
for the biennium 1998-1999 as at 31 December 1998
(Expressed in US Dollars)

Member States	Indicative contributions receivable as at 01.01.1998	Add: Indicative contributions for 1998 and adjustment of prior periods		Add: Indicative contributions received in advance	Less: Collections in 1998	Indicative contributions receivable as at 31.12.1998
Viet Nam	1,365	844		-	2,209	-
Yemen	1,109	844		-	-	1,953
Yugoslavia	634	5,062		-	-	5,696
Zambia	1,365	253		-	-	1,618
Zimbabwe	639	759		390	1,788	-
Total	**1,266,505**	**8,759,097**	1	**676,084**	**7,473,995**	**3,227,691**
			June 30 1999			

1 This amount represents 1998 indicative contributions of US$8,757,717 plus 1997 Congo indicative contribution adjustment of US$1,380, amount inadvertently recorded in that year as contributions received. This adjustment is made in order to show Congo unpaid contributions of US$981 (US$728 for 1997and US$253 for 1998).

The accompanying notes are an integral part of the financial statements.

Statement III

UNITED NATIONS FRAMEWORK CONVENTION ON CLIMATE CHANGE
Statement of cash flows for the biennium 1998-1999 as at 31December 1998
(Expressed in US dollars)

	FC		FI		FQ		FR	
	1998	1996	1998	1996	1998	1996	1998	1996
CASH FLOWS FROM OPERATING ACTIVITIES:								
Net excess (shortfall) of income over expenditures	1,289,470	1,594,743	(429,056)	(457,579)	52,723	-	526,270	712,126
(Increase) decrease in contributions receivable	(1,915,965)	(1,081,918)	-	-	(6,576)	-	-	-
(Increase) decrease in other accounts receivable	89,765	(941,538)	(7,586)	(1,557)	-	-	159,687	(18,895)
(Increase) decrease in other assets	-	-	(600,000)	-	-	-	(50,000)	-
Increase (decrease) in accounts payable	73,102	143,443	(273,963)	4,947	50,824	-	167,373	24,357
Increase (decrease) in unliquidated obligations	(279,684)	206,249	(160,892)	228,654	618,665	-	19,499	143,422
Increase (decrease) in other liabilities	630,863	882,461	-	-	-	-	-	-
Less: Interest income received	(256,187)	(65,510)	(57,577)	(4,344)	(17,284)	-	(97,703)	(17,132)
NET CASH FROM OPERATING ACTIVITIES	**(368,636)**	**737,930**	**(1,529,074)**	**(229,879)**	**698,352**	**-**	**725,126**	**843,878**
CASH FLOWS FROM INVESTING AND FINANCING ACTIVITIES:								
(Increase) decrease in inter-fund balances receivable	(376,901)	-	1,555,988	(124,950)	-	-	(88,279)	-
Increase (decrease) in inter-fund balances payable	-	253,475	-	-	67,032	-		3,481
Plus: Interest income received	256,187	65,510	57,577	4,344	17,284	-	97,703	17,132
NET CASH FROM INVESTING AND FINANCING ACTIVITIES	**(120,714)**	**318,985**	**1,613,565**	**(120,606)**	**84,316**	**-**	**9,424**	**20,613**
CASH FLOWS FROM OTHER SOURCES:								
Savings on prior periods' obligations	169,126	-	588,716	-	-	-	98,301	-
Other adjustments to fund balance	-	754,324	-	1,456,751	620,957	-	(934,384)	465,033
NET CASH FROM OTHER SOURCES	**169,126**	**754,324**	**588,716**	**1,456,751**	**620,957**	**-**	**(836,083)**	**465,033**
NET INCREASE (DECREASE) IN CASH AND TERM DEPOSITS	**(320,224)**	**1,811,239**	**673,207**	**1,106,266**	**1,403,625**	**-**	**(101,533)**	**1,329,524**
CASH AND TERM DEPOSITS AT BEGINNING OF PERIOD	**3,080,268**	**-**	**1,332,550**	**-**	**-**	**-**	**2,111,671**	**-**
CASH AND TERM DEPOSITS AT END OF PERIOD	**2,760,044**	**1,811,239**	**2,005,757**	**1,106,266**	**1,403,625**	**-**	**2,010,138**	**1,329,524**

The accompanying notes are an integral part of the financial statements.

Statement IV

UNITED NATIONS FRAMEWORK CONVENTION ON CLIMATE CHANGE
The Core Budget: Status of expenditures against budget
for the biennium 1998-1999 as at 31 December 1998
(Expressed in US Dollars)

Budget Classification	Approved Unobligated Budget	Expenditures			
		Disbursements	Unliquidated Obligations	Total	Balance
Executive direction and management	**621,300**	**506,559**	**14,926**	**521,485**	**99,815**
Implementation, Direction and Management	441,500	633,395	52,197	685,592	(244,092)
Implementation Process	573,800	386,793	39,267	426,060	147,740
Annex I Implementation	855,900	681,518	47,324	728,842	127,058
Non-Annex I Implementation	521,600	325,740	28,185	353,925	167,675
Sub-total - Implementation	**2,392,800**	**2,027,446**	**166,973**	**2,194,419**	**198,381**
Science & Technology, Direction and Management	802,000	379,764	375,599	755,363	46,637
Methodology and Science	772,200	310,060	24,765	334,825	437,375
Technology	357,500	32,785	26,762	59,547	297,953
Cooperative Implementation	407,100	278,502	35,424	313,926	93,174
Sub-total - Science & Technology	**2,338,800**	**1,001,111**	**462,550**	**1,463,661**	**875,139**
Conference & Information Support, Direction and Management	573,400	523,696	284	523,980	49,420
Conference Support	463,900	400,826	35,313	436,139	27,761
Information Support	397,200	459,450	23,569	483,019	(85,819)
Sub-total - Conference & Information Support	**1,434,500**	**1,383,972**	**59,166**	**1,443,138**	**(8,638)**
Resources, Planning and Coordination, Direction and Management	702,900	1,084,149	25,514	1,109,663	(406,763)
Secretariat-wide costs	962,700	659,883	197,913	857,796	104,904
Sub-total - Resources, Planning & Coordination	**1,665,600**	**1,744,032**	**223,427**	**1,967,459**	**(301,859)**
Total	**8,453,000**	**6,663,120**	**927,042**	**7,590,162**	**862,838**

The accompanying notes are an integral part of the financial statements.

III. NOTES TO THE FINANCIAL STATEMENTS

Note 1. The United Nations Framework Convention on Climate Change and its activities

The secretariat of the United Nations Framework Convention on Climate Change was established on 1 January 1996 with the following purposes:

a) To make arrangements for session of the Conference of the Parties (COP) and its subsidiary bodies established under the Convention and to provide them with services as required;

b) To compile and transmit reports submitted to it;

c) To facilitate assistance to the Parties, particularly developing country Parties, on request, in the compilation and communication of information required in accordance with the provisions of the Convention;

d) To prepare reports on its activities and present them to the Conference of the Parties;

e) To ensure the necessary coordination with the secretariats of other relevant international bodies;

f) To enter, under the overall guidance of the Conference of the Parties, into such administrative and contractual arrangements as may be required for the effective discharge of its functions; and

g) To perform the other secretariat functions specified in the Convention and in any of its protocols and such other functions as may be determined by the Conference of the Parties.

Note 2. Summary of significant accounting policies of UNFCCC

1. The entire budget of the secretariat is funded by the State Parties to the Convention. During the 1998-1999 biennium, the secretariat administered the following four trust funds:

- Trust Fund for the Core Budget of UNFCCC
- Trust Fund for Participation in the UNFCCC Process
- Trust Fund for Supplementary Activities
- Trust Fund for the Special Annual Contribution from the Government of Germany (Bonn Fund)

2. All the trust funds are established by the Secretary-General of the United Nations at the request of the Executive Secretary upon the approval of the Conference of the Parties.

3. Under the financial procedures adopted by the Conference of the Parties, the Executive Secretary prepares the administrative core budget for the following biennium and submits it to the COP for its consideration and approval. The approved budget constitutes authority to the Executive Secretary to incur obligations and make payments for the purposes for which the appropriations were approved.

4. For the biennium 1998-1999, the COP approved a core budget of US$21.3 million, out of which the equivalent of DM 3 million was paid by the host Government. The remaining amount is raised by all Parties, which are invited to make contributions based on the United Nations scale of assessment.

5. The Parties are also invited to make voluntary contributions to the trust funds for Participation and Supplementary Activities to meet the requirements estimated at $4.6 million and $4.15 million, respectively for the same biennium. The COP does not approve a budget limit for these trust funds.

6. The Executive Secretary issues allotments by objects of expenditure for activities under the Convention's budget within the available resources.

7. According to the arrangements established by the Under-Secretary-General for Management of the United Nations, the financial and accounting services of the secretariat are provided by UNOG applying the Financial Regulations and Rules of the United Nations, as adopted by the General Assembly, the rules formulated by the Under-Secretary-General for Management or the Controller. They also take fully into account the common accounting standards for the United Nations system, as adopted by the Administrative Committee on Co-ordination (ACC). The General Assembly has taken note of these standards in its resolution 48/216 C of 23 December 1993. The United Nations follows the International Accounting Standard 1 on the disclosure of accounting policies, as modified and adopted by the Consultative Committee on Administrative Questions at its fifty-fourth session, as shown below:

(i) Going concern, consistency, and accrual are fundamental accounting assumptions. Where fundamental accounting assumptions are followed in financial statements, disclosure of such assumptions is not required. If a fundamental accounting assumption is not followed, that fact should be disclosed together with the reasons;

(ii) Prudence, substance over form, and materiality should govern the selection and application of accounting policies;

(iii) Financial statements should include clear and concise disclosure of all significant accounting policies which have been used;

(iv) The disclosure of the significant accounting policies used should be an integral part of the financial statements. The policies should normally be disclosed in one place;

(v) Financial statements should show corresponding figures for the preceding period;

(vi) A change in an accounting policy that has a material effect in the current period or may have a material effect in subsequent periods should be disclosed together with the reasons. The effect of the change should, if material, be disclosed and quantified.

8. Fund accounting. The UNFCCC's accounts are maintained on a "fund accounting" basis. Separate funds for general or special purposes may be established by the Conference of the Parties or the Executive Secretary. Each fund is maintained as a distinct financial and accounting entity, with a separate self-balancing double-entry group of accounts. Separate financial statements are prepared for each fund.

9. The financial period of UNFCCC comprises of a biennium.

10. Income of the UNFCCC is recognized on the basis of paid contributions. The secretariat does not regard the indicative amounts as assets, as implied in the financial statement prepared by UNOG.

11. Translation of currencies. The accounts of the UNFCCC are presented in United States dollars. Accounts maintained in other currencies are translated into United States dollars at the time of the transaction at rates of exchange established by the Controller. In respect of such currencies, the financial statements prepared at such intervals as may be prescribed by the Controller under delegation of authority from the Under-Secretary-General for Management, shall reflect the cash, investments, unpaid pledges and current accounts receivable and payable in currencies other than United States dollars, translated at the applicable United Nations rates of exchange in effect as at the date of the statements. In the event that the application of actual exchange rates at the date of the statements would provide a valuation significantly different from the application of the United Nations rates of exchange for the last month of the financial period, a footnote will be presented quantifying the difference.

12. The UNFCCC's financial statements are prepared on the historical cost basis of accounting and have not been adjusted to reflect the effects of changing prices for goods and services.

13. Cash and investments. Funds on deposit in interest-bearing bank accounts, time deposits and call accounts are shown in the statements of assets and liabilities as cash.

14. Fixed assets. Maintenance and repairs are charged against the appropriate budgetary accounts. Furniture, equipment, other non-expendables and leasehold improvements are not included in the assets of the UNFCCC. Acquisitions are charged against budgetary accounts in the year of purchase.

15. The expenditures do not include possible costs to cover contingencies under Appendix D to the United Nations staff rules, for personnel financed under resources obtained from contributions. The term "expenditure" designates total obligations incurred whether liquidated or unliquidated.

16. Miscellaneous income:

(i) The net income realized from the revenue-producing activities is reported as miscellaneous income;

(ii) Refunds of expenditures charges to the prior financial periods are credited to miscellaneous income;

(iii) Moneys accepted in respect of which no purpose is specified have been treated as miscellaneous income;

(iv) On the closing of the accounts at the end of each financial period, if the balance of the exchange accounts reflects a net loss on exchange, it is charged to the budgetary account. If there is a net gain, this is credited to miscellaneous income;

(v) The proceeds from the sale of surplus property are credited to the miscellaneous income of the respective funds.

17. The trust fund statements reflect the "clean surplus theory" by processing adjustments through the current income and expenditure accounts. Material adjustments for prior periods are, however, shown in the financial statements below the results of the current period so as not to distort them.

18. Income tax refund policy. The UNFCCC salaries are charged to the budget on a net basis during the year in which the services have been rendered. Income tax refunds are charged to the year in which they are made to the staff member.

19. Unliquidated obligations for the current biennium in respect of UNFCCC remain valid for 12 months following the end of the biennium to which they relate.

20. Most of the contributions are deposited with the United Nations Office at Geneva, with the remaining deposited with the United Nations Headquarters in New York.

21. The UNFCCC operates an imprest account in Deutsche Marks to cover its expenditures in Bonn, and submits its report to UNOG on a monthly basis.

22. On a monthly basis, UNOG provides the Executive Secretary with information on the status of allotments, trial balance and unliquidated obligations. The final accounts are submitted to the Executive Secretary for certification and submission to the Board of External Auditors and reporting to the Conference of the Parties.

23. The United Nations retains 13% of the actual expenditures of all the established trust funds for programme support costs. Under the present arrangement, the programme support funds are used, in part, for financing the administrative unit of the secretariat.

- - - - -